



THE Louis Berger Group, INC.

Statement By:

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Committee on Homeland Security and Governmental Affairs

Ad Hoc Subcommittee on Contracting Oversight

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Chairman McCaskill, Senator Portman, and members of the subcommittee, I am Larry Walker, president of The Louis Berger Group. I appreciate the opportunity to provide our firm's perspectives on the Gardez-Khost Highway project and our observations concerning reconstruction projects in Afghanistan based on our experience.

By way of background, The Louis Berger Group is an international consulting firm of approximately 3,000 employees worldwide. We provide diverse, multidisciplinary expertise including engineering, program and construction management, and economic development services. Many of our projects are carried out in some of the most fragile and challenging regions of the world. Over the past decade, we have worked as a partner to the U.S. Agency for International Development and other agencies that operate in the developing world or in conflict zones. LBG first began working in Afghanistan in the 1970s, and in December 2001, the company was the first engineering firm to enter Afghanistan after the September 11th attacks. Our work in Afghanistan has consisted mainly of reconstructing and rehabilitating Afghanistan's physical infrastructure.

Over the last eight-and-a-half years, on behalf of USAID, we have successfully reconstructed more than 2,000 kilometers of paved roads, provided nearly 40,000 jobs to Afghans, and trained thousands more. LBG's USAID-funded projects have irrigated more than 90,000 acres of land, provided reliable power to the Afghan people in southern Afghanistan, and constructed more than 90 schools and clinics to seismic 4 standards.

The improved road network has dramatically decreased transit times, which has spurred economic development along the road corridors and improved access to education and health care. I have traveled those roads myself, and have also had the opportunity to visit some of the schools and clinics we constructed. I can truly say that our work has improved the quality of life for Afghan citizens.

The Gardez-Khost Highway is a critical commercial link between Pakistan and Afghanistan. The road provides a reliable transportation route from the border province of Khost to the capital city of Kabul. This road results in better access for the Afghan people to their government, and improved trade and economic development, in addition to improved access to health care and education.

I want to say a few words about the circumstances surrounding the reconstruction of this road. As the picture accompanying my written statement shows, the topographical and geological features of the roadbed on which our reconstruction work has occurred are some of the most challenging we have faced in Afghanistan. Unfortunately, Khost province is also literally “enemy territory,” and the degraded security environment in which our company works has made this the most dangerous project LBG has attempted in my 21 years with the company. On this project alone, we have suffered 21 killed, 51 wounded, and four missing and presumed captured or kidnapped in the last two years.

In the construction management business, the three goals a company must balance to deliver a successful project are high quality, on schedule and within budget. In the case of the Gardez-Khost Highway, the degraded security environment caused us to hire more security personnel and prevented our people from being able to accomplish the required work on schedule. Security as a percentage of the overall project cost has approached 30%. To compare, in other parts of Afghanistan, security costs typically average about 8-10% of overall project costs.

You may have seen the press coverage a few weeks ago of the attack on a PRT-funded road in Paktia province near the Pakistan border that resulted in 36 killed and dozens kidnapped. That road connects to the Gardez-Khost road that we are rebuilding. The camp is only 15 miles from our own. The recent attack is, unfortunately, indicative of the very dangerous and volatile operating environment. On the Gardez-Khost road alone, our project has experienced 147 direct attacks, 108 IEDs and 40 mine or other ordnance detonations.

My main point concerning the Gardez-Khost Highway, which really applies to many projects in Afghanistan, is that the traditional metrics by which the Government measures the efficacy of projects and contract performance have to be reconsidered. The lack of existing infrastructure or technical capacity in the country, the inexperience of Afghan companies in dealing with US contracting standards, the need for capacity building and the defacto war zone in which construction takes place all work against measuring success against just scope, schedule, and budget.

I know the subcommittee is also concerned about project sustainability. Sustainability is critical to ensuring the long-term benefits of construction projects for the Afghan people and to

protecting the significant investment made by the American taxpayer and other donors. Because Afghanistan engineering and construction capability is quite new, contractors must offer on-the-job and classroom training with the goal of leaving behind a local capacity to continue to construct and maintain infrastructure. Even before the Afghan-First policy existed, The Louis Berger Group made a significant effort to hire locally and incorporate sustainability concerns into the training we provide our subcontractors and employees, and we continue to do so. This approach has been at the heart of LBG's work in the developing world for more than 40 years. In the long run, the ultimate sustainability of many projects in Afghanistan will be determined by the ability of the Afghan economy to generate enough revenue to provide the materials that will be needed to maintain and sustain projects we and other companies have completed.

I have already mentioned security in the context of the Gardez-Khost Highway, but I want to comment about security in general. In 2002, we were able to travel around Afghanistan in one vehicle, without security. Today, travel in the provinces in which we operate requires an armed convoy, and even then safe passage is not assured. Our projects are "outside the wire" and sometimes behind enemy lines. During the eight years LBG has been operating on USAID-funded programs, security has deteriorated to the point where 212 program staff have been killed and more than 300 have been wounded.

The security environment increases the importance of communication between the contractor and the Government. We at LBG have worked hard to communicate with contracting officers as well as the US military to properly address security-related issues as they arise.

The Louis Berger Group is honored to support the U.S. Agency for International Development and other clients in their critical efforts to improve Afghanistan's physical, social and economic infrastructure. We met with the Commission on Wartime Contracting on four occasions to discuss reconstruction and, most recently, to discuss the recommendations found in their recent report, *At what risk?: Correcting over-reliance on contractors in contingency operations*.

I also want to note that The Louis Berger Group supports several of the recommendations in the Commission's February 2011 interim report. For instance, integrating contract support into operational plans and education, expanding and improving the qualifications and experience level of government acquisition personnel, expanding competition requirements, and requiring

improved contract administration and oversight of contingency contracts would all, we believe, make constructive improvements in the contracting process. We applaud the efforts of the Commission to improve the manner in which the United States awards and oversees its contracts in overseas conflict environments and its emphasis on the sustainability of our reconstruction programs.

At The Louis Berger Group, we strive to deliver quality construction in a timely fashion and within the funding parameters for each project. The company and our employees do this work because we have seen the tangible improvements in the lives of the Afghan people that result from our work. Thank you.

Gardez-Khost Highway





Larry D. Walker
President

As president of The Louis Berger Group, Mr. Walker is responsible for providing strategic direction for the firm and ensuring that the company has adequate resources and support for the successful completion of LBG's programs. He oversees the development of strategic operating plans for each business unit that reflect the firm's annual goals, longer-term objectives and priorities, and oversees the implementation of company-wide initiatives.

In his previous role, Mr. Walker was LBG's group vice president of Global Infrastructure and Services and was responsible for the firm's efforts on major stabilization and post-conflict reconstruction programs in Afghanistan, Iraq, and Sudan in addition to contingency contracts worldwide. The work under this group also included extensive support to the U.S. Department of State's embassy program and facility and environmental services to LBG's military clients, including the U.S. Army Corps of Engineers, Naval Facilities Engineering Command, and the U.S. Air Force. In addition, Mr. Walker has provided planning support for state, local, and private clients. Over the course of his 21-year career with LBG, Mr. Walker has served as principal-in-charge and program manager for a broad range of clients and services, including feasibility studies, master planning, design, construction management, engineering, and other related services.

Mr. Walker holds an MA in Urban Affairs from Virginia Polytechnic Institute and State University.